

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 534 – SB 1221**

April 18, 2017

**SUMMARY OF ORIGINAL BILL:** Changes, from July 25 to July 20, the deadline for a person who operates a motor vehicle in this state that is propelled by liquefied gas or compressed natural gas to submit to the Department of Revenue an annual report with certain travel information and to remit the liquefied gas and compressed natural gas user taxes due.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (007449):** Deletes all language after the enacting clause. Requires, beginning in FY18-19 and annually thereafter, that all sales tax revenue from the sale of new or used motor vehicles that is currently allocated to the General Fund be annually allocated as follows: 64 percent to the Highway Fund, 24 percent to counties, and 12 percent to municipalities.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Revenue –**

**\$238,888,800/FY18-19 and Subsequent Years/Highway Fund**

**Decrease State Revenue –**

**\$373,263,700/FY18-19 and Subsequent Years/General Fund**

**Increase Local Revenue – \$134,374,900/FY18-19 and Subsequent Years**

The Governor's proposed budget for FY17-18 recognizes a recurring increase in state revenue to the Highway Fund of \$278,570,000, on page A-12, and a recurring decrease in state revenue to the General Fund in the amount of \$207,756,000, on page A-38. The proposed budget further recognizes, on page A-28, a one-time decrease in General Fund revenue in FY16-17 in the amount of \$30,200,000.

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Assumptions for the bill as amended:

- The first year impacted by this bill as amended will be FY18-19.
- It is estimated that total state sales and use tax revenue to the General Fund from the sale and use of new or used motor vehicles is approximately \$373,263,723 per year.
- A recurring decrease in state revenue to the General Fund of \$373,263,723, beginning in FY18-19.
- A recurring increase in revenue to the Highway Fund of \$238,888,783 ( $\$373,263,723 \times 64.0\%$ ), beginning in FY18-19.
- A recurring increase in revenue to counties of \$89,583,293 ( $\$373,263,723 \times 24.0\%$ ) and a recurring increase in revenue to municipalities of \$44,791,647 ( $\$373,263,723 \times 12.0\%$ ), for a total recurring increase in local government revenue of \$134,374,940 ( $\$89,583,293 + \$44,791,647$ ), beginning in FY18-19.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee" followed by the letters "RNC" in a smaller, slightly slanted font.

Krista M. Lee, Executive Director

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